

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2016 - SB 1961

March 2, 2022

SUMMARY OF BILL: Authorizes a child under 24 years of age to be eligible to receive a 25 percent discount on tuition to any state institution of higher education if the child's parent is employed as a school nurse in a public school in Tennessee.

FISCAL IMPACT:

Increase State Expenditures – \$337,200/FY22-23/General Fund

**Decrease State Revenue – \$160,300/FY23-24 and Subsequent Years/
Locally Governed Institutions
\$27,500/FY23-24 and Subsequent Years/
Tennessee Board of Regents
\$149,500/FY23-24 and Subsequent Years/
University of Tennessee System**

Assumptions:

- Pursuant to Tenn. Code Ann. § 49-7-119(a)(1)(A) such 25 percent discount is available to children of parents who are employed as full-time certified teachers.
- Children of school nurses in a public school are currently not eligible for the discount.
- Pursuant to Tenn. Code Ann. § 49-7-119(b) the Tennessee Higher Education Commission (THEC) is directed, authorized and empowered to promulgate and adopt rules and regulations.
- Based on information found on the THEC website rules promulgated for similar tuition discounts require full time employment for eligibility. It is anticipated that THEC will apply the same rules to employed school nurses.
- Reimbursement to state-supported colleges, universities, or area vocational technical schools is limited to the availability of state funds that are specifically appropriated for fee waiver and discount programs.
- Institutions receive a proportional distribution of available funds based on each school's share of the total amount of tuition and fee waivers used.
- THEC monitors the use of tuition and fee waivers by determining the number of Full-Time Equivalent (FTE) hours supported by waivers. THEC calculates 1 FTE to equal 15 undergraduate credit hours or 12 graduate hours.
- Full-time enrollment (FTE) use of the waiver is equivalent to an average of 4 classes.

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- Based on information provided by the Department of Education (DOE), and a DOE Health Services Survey:
 - There are an estimated 68,838 full-time teachers.
 - There are an estimated 1,750 full-time school nurses.

Assumptions relative to Locally Governed Institutions:

- There were an estimated 6,527 FTE waivers issued in FY19-20 from locally governed institutions (LGIs) for children of fulltime teachers.
- At 4 classes per FTE, this represents utilization rate of approximately 38 percent $[(6,527 \times 4) / 68,838]$ of the total number of fulltime teachers.
- The average course discount is estimated to be \$241 each.
- Applying the same utilization percentage to the children of full-time educational employees as fulltime nurses, it is estimated that an additional 665 $(1,750 \times 38\%)$ waivers will be issued.
- The total amount of discounts is estimated to be \$160,265 $(665 \text{ course waivers} \times \$241)$ for LGIs.

Assumptions relative to Tennessee Board of Regents:

- There were an estimated 2,032 FTE waivers issued in FY19-20 from a college under the Tennessee Board of Regents (TBR) for children of fulltime teachers.
- At 4 classes per FTE, this represents utilization rate of approximately 12 percent $[(2,032 \times 4) / 68,838]$ of the total number of fulltime teachers.
- The average course discount is estimated to be \$131 each.
- Applying the same utilization percentage to the children of full-time educational employees as fulltime nurses it is estimated that an additional 210 $(1,750 \times 12\%)$ waivers will be issued.
- The total amount of discounts is estimated to be \$27,510 $(210 \text{ course waivers} \times \$131)$ for TBR.

Assumptions relative to University of Tennessee System:

- There were an estimated 4,800 FTE waivers issued in FY19-20 from the University of Tennessee (UT) for children of fulltime teachers.
- At 4 classes per FTE, this represents utilization rate of approximately 28 percent $[(4,800 \times 4) / 68,838]$ of the total number of fulltime teachers.
- The average course discount is estimated to be \$305 each.
- Applying the same utilization percentage to the children of full-time educational employees as fulltime nurses it is estimated that an additional 490 $(1,750 \times 28\%)$ waivers will be issued.
- The total amount of discounts is estimated to be \$149,450 $(490 \text{ course waivers} \times \$305)$ for UT.

Assumptions relative to total impact:

- Public Chapter 120 of the 112th Tennessee General Assembly (PC 120) declared legislation enacted after January 1, 2021, that mandates a discount or waiver of tuition or fees at public institutions of higher education, unenforceable against the institution affected in any fiscal year the General Assembly fails to appropriate a sum sufficient to fully fund the program. PC 120 only applies for the duration of the 112th General Assembly.
- The estimated increase to state expenditures from the General Fund for the inclusion of full-time public-school nurses' children is \$337,225 (\$160,265 LGI + \$27,510 TBR + \$149,450 UT) at each public institution of higher education in FY22-23.
- The net impact to public institutions of higher education will be not significant in FY22-23.
- Any reimbursement to institutions in subsequent years is subject to appropriation by the General Assembly and cannot be reasonably determined.
- Based on information provided by the Tennessee Higher Education Commission, these discounts would continue regardless of reimbursement.
- The total decrease in state revenue in each FY23-24 and subsequent years is as follows: \$160,265 LGI; \$27,510 TBR; \$149,450 UT.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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